

INTERNAL SERVICES COMMITTEE

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INTERNAL SERVICES COMMITTEE

The Internal Services Committee reviewed the operations and functions of the County's Internal Services Group, which includes the following departments:

- Architecture and Engineering
- Facilities Management
- Fleet Management
- Purchasing
- Real Estate Services

Subcommittees were formed and each of these departments was investigated by the Grand Jury. Final reports with recommendations follow for all of these departments except Real Estate Services.

ARCHITECTURE AND ENGINEERING DEPARTMENT

BACKGROUND

The Architecture and Engineering Department (A&E) is responsible for the planning, design and administration of the County's Capital Improvement Program. A&E is required to implement, manage and refine the County's delivery process to preserve its resources and maintain the quality of construction established by the standards of State and local government. The staff prepares bid packages and advertises for bids, negotiates and administers contracts for design and construction, and provides inspection and construction project management services to final completion.

FINDINGS

A&E has 23 employees to carry out its responsibilities. The department is self-supporting because each project includes management costs. Each project is assigned a project manager who follows it from beginning to end. Nine (9) project managers supervise approximately 250 projects per year. Projects costing less than \$25,000 do not require approval by the Board of Supervisors.

A&E manages projects in two major phases. The first phase is called a Professional Services contract. Contracts are awarded based on the ability of the professional service consultant to complete the task. Other criteria include the ability and experience of staff and the quality of the contractor's references and recommendations.

The second phase is the Construction contract. These contracts are awarded in compliance with the standards, codes and policies of State and local governments. Each contract has a ten percent (10%) contingency built into the cost to cover change orders in the contract.

The Architecture and Engineering Department has no policy and procedures manual to protect it and the County if questions arise about department operations. A&E does have an in-house procedure that tracks each project to meet target dates for completing each step of the project.

RECOMMENDATION

04-37 DEVELOP A POLICY AND PROCEDURES MANUAL TO PROTECT THE ARCHITECTURE AND ENGINEERING DEPARTMENT AND THE COUNTY AGAINST QUESTIONABLE POLICIES AND PROCEDURES.

FACILITIES MANAGEMENT DEPARTMENT

BACKGROUND

The Facilities Management Department is responsible for the cleaning and maintenance of 250 County buildings. For leased buildings, the lease agreements require cleaning and maintenance. The department employs approximately 47 custodians, 24 groundskeepers and 55 maintenance personnel.

FINDINGS

Facilities Management is negotiating with other departments, especially the Human Services System, to find ways to utilize volunteers and community service workers from various programs.

The Senior Home Repair Program, a Federally-funded program in San Bernardino County, is administered through the Facilities Management Department.

A major portion of the department's budget of \$14,503,536 is allocated to paying the County's utility bills.

Facilities Management manually processed over 11,000 utility bills. It created an inefficient billing system. There was no assurance that bills were being paid on time. It was difficult to track the status of accounts that no longer existed due to cancellation or other reasons. It was difficult to match accounts with meters.

An audit conducted by Macias Consulting Group, Inc. regarding the utility bill paying process recommended that the Facilities Management Department install a software program to help reduce the amount of paperwork and provide monetary savings to the County.

The Custodial staff has been reduced to a level where a custodian is responsible for cleaning about 50,000 to 60,000 square feet per day. The industry standard is 20,000 to 25,000 square feet.

Most of the custodial staff is scheduled to work day shift hours to reduce labor costs and address budgetary concerns. This requires their presence when County buildings are the most crowded with employees and visitors doing business with the County. The intermingling of custodial and maintenance staff with the knowledgeable and trained staff of County departments is disruptive to the work patterns of both groups and affects productivity.

Limited staffing requires supervisors to perform a daily triage of areas to clean.

Some departments have expressed dismay that a reduced cleaning and maintenance staff has curtailed the cleaning and maintenance of floors and carpets. To keep areas presentable, staff members in some departments occasionally set aside time for cleaning. It is not cost effective to have knowledgeable trained personnel of departments doing tasks that the trained staff of the Facilities Management Department should be doing.

RECOMMENDATIONS

- 04-38 ADOPT THE UTILITY ANALYSIS AUDIT BY MACIAS CONSULTING GROUP, INC. AND INCORPORATE ITS FINDINGS INTO THE FACILITIES MANAGEMENT DEPARTMENT.
- 04-39 ENDORSE THE FACILITIES MANAGEMENT DEPARTMENT'S EFFORTS TO INCLUDE ALL COUNTY BUILDINGS ON THEIR COMPUTER PROGRAM, WHICH WILL ENHANCE THE ABILITY TO CONTROL AND PROJECT COSTS WITHIN THE DEPARTMENT.
- 04-40 REINSTATE STAFFING LEVELS IN THE FACILITIES MANAGEMENT DEPARTMENT TO A LEVEL THAT BRINGS THE SIZE OF THE AREA COVERED BY CUSTODIAL AND MAINTENANCE STAFF TO A LEVEL THAT IS SUBSTANTIALLY CLOSER TO INDUSTRY STANDARDS.
- 04-41 RESTORE FUNDS TO ENABLE THE FACILITIES MANAGEMENT DEPARTMENT TO ASSIGN CUSTODIAL AND MAINTENANCE STAFF TO EVENING AND NIGHT SHIFT WORK.

FLEET MANAGEMENT DEPARTMENT

BACKGROUND

A study of San Bernardino County policies revealed that of the five categories used to define how vehicles are assigned to various departments, Category V was worded in such a way that it could be interpreted that dependents of County employees or officials would be able to operate those vehicles. Category V vehicles are assigned to employees who may need a car 24 hours a day.

The County has three fleets in addition to the one controlled and serviced by the Fleet Management Department; they are the Human Services System, Sheriff's Department and Special Districts/County Fire Department.

FINDINGS

Within the County of San Bernardino Standard Practice Manual is Standard Practice No. 12-04 SP, *Vehicle Services Rules and Procedures, Section 3, Assignment of Vehicles, Category V – Personal Use Limited to Commuting*. As worded, this policy could place the County in an unnecessarily high-risk position by allowing dependents of County employees and officials to operate County vehicles.

Our investigation found that the policies and procedures of Fleet Management have not been reviewed or updated since 1992, and are in need of review and revision.

The County has in excess of 5,000 vehicles. Approximately 2,000 are under the indirect supervision of the Fleet Management Department. Special Districts and the County Fire Department hold about 400, and 600 are with the Human Services Division. The Sheriff's Department has about 2,000 vehicles.

In March 2004 the County entered into a four-month agreement with Fleet Counselor Services, Inc. to provide a vehicle services management and operations review (audit) covering all departments that maintain/purchase and dispose of vehicles.

Vehicles can be serviced by the Fleet Management Department and many are serviced by outside sources. Fleet Management also services vehicles for non-profit agencies in San Bernardino County at the County's going rate for service.

RECOMMENDATIONS

- 04-42 RE-WRITE STANDARD PRACTICE 12-04, SECTION 3, *ASSIGNMENT OF VEHICLES, CATEGORY V – PERSONAL USE LIMITED TO COMMUTING*, TO ELIMINATE THE ABILITY OF DEPENDENTS OF COUNTY EMPLOYEES OR OFFICIALS TO OPERATE COUNTY VEHICLES.
- 04-43 REVIEW ALL POLICIES AND PROCEDURES RELEVANT TO FLEET MANAGEMENT AND UPDATE THEM TO COMPLY WITH CURRENT ESTABLISHED POLICIES AND PROCEDURES.
- 04-44 COMPLY WITH THE RECOMMENDATIONS OF THE FLEET COUNSELOR SERVICES AUDIT NOW IN PROGRESS, IF SUBSTANTIAL SAVINGS ARE SHOWN BY CONSOLIDATING THE VARIOUS FLEETS INTO ONE DEPARTMENT.

PURCHASING DEPARTMENT

BACKGROUND

The Purchasing Department is responsible for the acquisition of equipment, supplies and services for County departments. Four divisions of the department provide services to the entire County:

- Procurement Division
- Printing Services
- Central Mail Services
- Central Stores

FINDINGS

The Purchasing Department has been honored with the “Excellence in Procurement” award three years in a row. The award was established in 1995 by the National Purchasing Institute and recognizes the achievement of organizational excellence in public procurement.

Our investigation revealed that the unauthorized removal of parts from computers (cannibalization) is occurring. Computers are returned to Surplus Property without hard drives. Printers are also returned to Surplus Property without software drivers to operate them. There is no written policy that prohibits this practice of “cannibalization” of computers.

The Purchasing Department pays State-approved vendors \$15-20 to dispose of each monitor. Working computers are distributed to other departments or sold. Our investigation revealed reasons for cannibalization:

- Departments are unwilling to delete the information from hard drives
- Some departments have technicians who believe it is useful to have inventory
- Misappropriation of parts

\$260 million worth of supplies and services is purchased annually for County departments. At least 7-8 signatures are required to finalize a purchase.

The department collects approximately \$80,000 annually from three public sales of surplus property. Labor costs reduce the profit to \$30,000. To save money, the department wants to conduct just two sales of surplus properties to the public yearly.

Board of Supervisors approval is required only if services and construction exceed \$25,000 per item. If budgeted by the department, there is no limit on goods, supplies and materials any County department can obtain.

Our investigation found that the Purchasing Department needs new procurement software programs for much of the work it now does manually. It is not possible to obtain the necessary software that is compatible with the current County Financial Management System program. The only software program now available for the Purchasing Department is AMS 3.0. It is not compatible with the current Financial Management System software AMS 2.1.1.

The Information Services Department explored a plan that would work, using the two software versions. This plan would cost the County \$1,206,200, plus a one-time start-up cost of \$185,015. It is not a long term solution, only a temporary one. Along with the high costs, the two systems will never be completely synchronized, and the departments would have different data. To get a complete current, accurate financial picture, the different departments will have to utilize both systems. This is not a practical solution.

It will cost the County \$5,000,000 to update the Financial Management System and purchase procurement software for the Purchasing Department.

COMMENDATION

THE PURCHASING DEPARTMENT IS COMMENDED FOR BEING HONORED THREE CONSECUTIVE YEARS WITH THE "EXCELLENCE IN PROCUREMENT" AWARD.

RECOMMENDATIONS

- 04-45 IMPLEMENT POLICIES TO STANDARDIZE THE HANDLING OF SURPLUS COMPUTERS, PRINTERS AND OTHER EQUIPMENT TO ASSURE THAT THE COUNTY IS ADEQUATELY REIMBURSED FOR THE SALE OF SURPLUS EQUIPMENT.
- 04-46 CONDUCT SURPLUS PROPERTY SALES TWICE A YEAR.
- 04-47 PURCHASE THE AMS VERSION 3.0 PROCUREMENT SOFTWARE FOR PURCHASING, COUPLED WITH UPGRADING THE AUDITOR/CONTROLLER-RECORDER'S FINANCIAL MANAGEMENT SOFTWARE FROM AMS VERSION 2.1.1 TO 3.0, AT A COST OF APPROXIMATELY FIVE MILLION DOLLARS (\$5,000,000).